# SETTING UP TAX CODES
# (PR-ADM-2)

## DECEMBER 2001

## *VERSION (2.0)*

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# SETTING UP TAX CODES

## OVERVIEW

This document provides instructions for setting up the tax codes used for payroll processing.  These auxiliary files must be established before employees can be added to the system and payrolls processed, since the files contain the tax defaults and codes used in these processes.

This document does not include information on setting up MUNIS health insurance, accruals, W-2's and 1099R's, or post-tax KTRS deductions.  Each of these topics is covered in a separate document.

## TAX CODE SETUP CHECKLIST

- [ ] 1.  Review the State Code.

- [ ] 2.  Add Local Codes.

- [ ] 3.  Add Tax tables (State & Federal).

# REVIEWING THE STATE CODE

The district **State Code** must be entered in the *State Code Table* before W-2's are printed. The State Code will be printed in the "**Employee State ID No.**" box on all W-2's.

**To Review the State Code, Select:**

B) PAYROLL & PERSONNEL

    A) Auxiliary Programs

        D) State Codes

The following screen is displayed:

```
 Session    Edit    Commands    Settings    Help
─────────────────────────────────────────────────────────────────
──────────────────── STATE CODE FILE MAINTENANCE ────────────────
Action:    Find  Next  Prev  Browse  Add  Update  Del  Output  Exit
Query the current database table.


                State Code            [   ] [              ]

                Taxtable Code         [   ]

                Round Tax Deductions  [ ]

                State ID #1           [             ]

                State ID #2           [               ]

```

1.  Select **Find** from the Ring Menu.

2.  Enter **KY** in the **State Code** field and press **ESC**.

3.  Select **Update**.

4.  Enter the district's **State Assigned ID** in the **State ID #1** field.

**State ID #2** is only required for sites that are multiple employers (i.e., generate payrolls for both Municipal and School District employees).
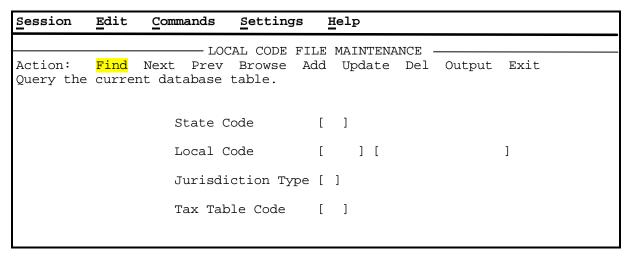
1.  Press **ESC** to update.

# ADDING LOCAL CODES

The Local Codes table stores a Local Income Tax (LIT) Code which is used for creating City and County Tax deductions.  The code may be up to four characters in length.

**To Add a Local Code, Select:**

B)  PAYROLL & PERSONNEL

    A)  Auxiliary Programs

        F)  Local (LIT) Codes

The following screen is displayed:

```
Session    Edit    Commands    Settings    Help

──────────────────────── LOCAL CODE FILE MAINTENANCE ────────────────
Action:    Find  Next  Prev  Browse  Add  Update  Del  Output   Exit
Query the current database table.


                      State Code        [   ]

                      Local Code        [    ] [                    ]

                      Jurisdiction Type [ ]

                      Tax Table Code    [   ]

```

1.  Select **Add** from the Ring Menu.

2.  Enter a **State Code**.  Use F9 or <CTRL><W> for a list of codes.

3.  Enter the new **Local Code**.  Enter a description of the code in the unlabeled field following it.

4.  Enter a **Jurisdiction Type** from the following list:

      **C**ounty                 **T**own/City

      **S**chool                  **O**ther

5.  Enter the calculation code in the **Tax Table Code** field.  If no tax table is used to calculate local taxes, enter **00** for none.  Use F9 or <CTRL><W> for a list of codes.

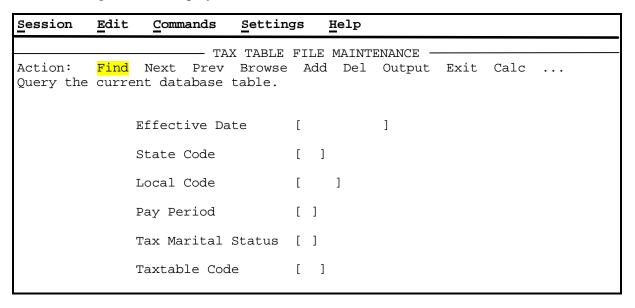6.  Press **ESC** to add the new Local Code.

# ADDING TAX TABLES (STATE & FEDERAL)

This program stores data to compute deductions based on a table calculation: Federal Income Tax, State Income Tax, Local Income Tax, and EIC.  The **Header Screen** establishes the link between the Tax Table and specific Employee Deduction Table record: Marital Status.  The **Calculation Screen** is used to populate the exemption rate per dependent.  The information is then processed with the Tax Table to calculate the employee deduction amount during payroll.  The **Taxtable Screen** contains the actual Federal and State Tax Tables and any other tax tables that a district may have.  The Federal and State Tax Tables are the same tables found in the Circular E.  Most districts use the annual tax tables.  Before entering a tax table into the system, obtain the appropriate tax table.

**To Add a Tax Table:**

B) PAYROLL & PERSONNEL

    A)  Auxiliary Programs

        I)   Tax Tables

The following screen is displayed:

```
Session    Edit   Commands    Settings    Help

───────────────── TAX TABLE FILE MAINTENANCE ─────────────────
Action:    Find  Next  Prev  Browse  Add  Del  Output  Exit  Calc  ...
Query the current database table.


              Effective Date      [            ]

              State Code          [   ]

              Local Code          [     ]

              Pay Period          [ ]

              Tax Marital Status  [ ]

              Taxtable Code       [   ]
```

1.  Select **Add** from the Ring Menu.

2.  Fill in the following fields:

| Field Name | Description |
|---|---|
| **Effective Date** | Date to begin using this Tax Table. |
| **State Code** | Enter **XX** for federal tax or **KY** for Kentucky tax. |
| **Local Code** | Leave blank unless a local tax table is being used.  Use F9 or <CTRL><W> for a list of codes. |
| **Pay Period** | Most tax tables use **A** for annual.  Use F9 or <CTRL><W> for a list of codes. |
| **Tax Marital Status** | Use F9 or <CTRL><W> for a list of codes. |
| **Taxtable Code** | Defaults from **State Code** or **Local Code** information. |

3.  Press **ESC** to save the header screen.

4.  Select **Calc** from the Main Menu to access the calculation screen.

    The following screen is displayed:

```
Session    Edit    Commands    Settings    Help
_____
_____ TAX TABLE FILE MAINTENANCE _____
Action:    Find  Next  Prev  Browse  Add  Del  Output  Exit  Calc  ...
Tax calculation maintenance.

      ┌──────────────────────────────────────────────────┐
      │ Action:    Update   TaxTable   Exit                │
      │ Update values for calculation code 01.             │
      │                                                    │
      │   Gross wage minus [0.000]% or [    0.00] whichever is less │
      │                                                    │
      │   Minus [3000.0] for each dependent                │
      │                                                    │
      │   Rate for supplemental pay [27.50]%               │
      │                                                    │
      │      Taxtable Code      [01]   LIKE FEDERAL        │
      └──────────────────────────────────────────────────┘
```

5.  Select **Update** from the Ring Menu.

6.  Fill out the calculation for this tax table.

7.  Press **ESC** to update the calculation.

8.  Select **TaxTable** from the Ring Menu to access the taxtable screen.

The following screen is displayed:

```
 Session    Edit   Commands   Settings    Help
 ────────────────────────────────────────────────────────────────
                 ── TAX TABLE FILE MAINTENANCE ──
 Action:┌──────────────────────────────────────────────────────────┐
 Tax cal│ Action:    Update   Exit                                  │
        │ Update tax table values.                                  │
        │    If taxable wage is:          Amount to be withheld is: │
        │    Over       But Not Over     +/- Amount     +/-%      Over  │
        │ [     0.00]  [   2650.00]    [     0.00] [ 0.000]% [     0.00] │
        │ [  2650.00]  [   8550.00]    [     0.00] [10.000]% [  2650.00] │
        │ [  8550.00]  [  29650.00]    [   590.50] [15.000]% [  8550.00] │
        │ [ 29650.00]  [  64820.00]    [  3755.00] [27.000]% [ 29650.00] │
        │ [ 64820.00]  [ 142950.00]    [ 13250.90] [30.000]% [ 64820.00] │
        │ [142950.00]  [ 308750.00]    [ 36689.90] [35.000]% [308750.00] │
        │ [308750.00]  [ 999999.99]    [ 94719.90] [38.600]% [         ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │ [        ]  [          ]    [        ] [      ]% [          ] │
        │                                                            │
        │                                                            │
        └──────────────────────────────────────────────────────────┘
```

9.  Select **Update** from the Ring Menu.

10. Enter the correct tax table values, following the example (Single Person Rate for Calendar 2002) in the sample screen above.

11. Press **ESC** to update the tax table.